

Mr. SCHUMER. Mr. President, may I make an inquiry of the Chair? How much time do I have?

The PRESIDING OFFICER. The Senator has 10 minutes.

Mr. SCHUMER. I ask unanimous consent for an additional 5 minutes. Is that in order?

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. SCHUMER. Mr. President, first, I wish to thank my colleague from Pennsylvania before he leaves the floor. He is a great member of the committee, a great Senator, and always has his eye on the average family. One of the reasons he has been so effective on the Joint Economic Committee is he understands all the concepts, of course, but then he is able to take them and relate them directly to the needs of average families. I thank him for the good job he did this afternoon, which is typical of the good job he always does on the JEC and elsewhere. I also thank my colleague, Senator WEBB, who also took some time to speak on these issues.

Now I will conclude our Humphrey Hawkins budget debate.

Today, we are looking at an economy on the verge of recession. Many economists would say it is already in recession. The economic hits to middle-class American families just keep on coming and coming.

Before I talk about our Democratic budget package, which is far superior to the President's budget, I would like to use this Humphrey Hawkins debate time as chair of the Joint Economic Committee to talk a little bit about the economy.

In the last week alone, we have learned that we are experiencing record home foreclosures in the prime and subprime mortgage markets from coast to coast. Every single State has been affected by an increase in foreclosures. According to an analysis by the Joint Economic Committee, home prices in every major market are falling. Families have historically low equity in their homes.

Moody's Economy.com estimates that 8.8 million homeowners—that is 10 percent of all homeowners—will owe more money than their homes are worth. Think of that: 10 percent of all homeowners—not homes in foreclosure, not homes in trouble, but 10 percent of all homeowners will owe more money than their homes are worth.

Just this past Friday, the Labor Department reported back-to-back months of losses in jobs, with serious losses this past month in manufacturing, construction, and retail. Today, the Commerce Department released data showing rising trade deficits with China and oil-producing nations such as Venezuela and Saudi Arabia. Americans are paying a record average \$3.22 per gallon of gasoline today, and if that wasn't enough, oil is selling for over \$110 a barrel. Let me repeat that. Oil is selling for over \$110 per barrel. That is an alltime record.

As we put forward a more sensible budget plan for our country this year, we have to recognize that the pressure on families has been made worse since President Bush took over. Over the last 7 years, Americans have been squeezed by skyrocketing energy, health care, and education costs. Energy costs have ballooned 64 percent during Bush's tenure. A gallon of regular-grade gasoline has increased 60 percent in real terms, up from \$1.62 in January 2001. To put this in perspective, the average middle-class family is paying more just in higher gasoline prices than they received in the Bush tax cuts. Again, let me repeat that. The average American family is paying more just in higher gasoline prices than they received in the President's tax cut. That is appalling.

There are 7.2 million more people uninsured since the President took office, and average health insurance for families who do have it increased nearly 40 percent since 2000. Inflation-adjusted tuition for 4-year public colleges increased 36 percent, to \$5,526 per year between 1999 and 2005. In February of 2008, 4.9 million people were working part time for economic reasons but wanted to work full time, and the underemployment rate is almost 9 percent—9 percent—up 1.6 percent since 2000. Now there are 1.4 million fewer people with jobs since the President took office—1.4 million unemployed.

The bottom line is that this administration is the owner of the worst jobs record since Herbert Hoover, and the last 2 months of losing nearly 90,000 jobs secures the President's unfortunate place in history, as this chart shows. Here is Herbert Hoover. Everyone did better than George Bush since Herbert Hoover.

The significant job losses in manufacturing and construction have continued since the housing market has been in trouble and doesn't seem to be getting better. The job losses in the retail sector are particularly troubling because it indicates that consumer spending, which has driven this economy, has also declined measurably.

The President's "hear no evil, see no evil, do no evil" policies on our economy simply don't work. It is only a matter of time before consecutive months of job losses, falling home prices, rising energy prices, and cutbacks in consumer spending lead us into a full-blown recession. It is crystal clear to everyone except the people in the White House that we are inevitably heading toward a recession.

It isn't a surprise to many in Congress that we are on the brink of recession—or are already in one—although the administration has done an excellent job of hiding its head in the sand, because their strategy has produced burgeoning budget deficits, a serious global trade imbalance, and brought us to the brink of recession. That is because their only economic strategy for everything is to cut taxes—help their wealthy friends and no help for the rest of America.

The unmistakable economic downturn began early last year as the subprime mortgage mess unfolded. The spillover effects into the broader housing market, the credit market, and overall economy are tremendous and ongoing.

According to the JEC's conservative estimates, by 2009 at least 1.3 million foreclosures will occur as the riskiest subprime mortgages reset over the course of this year and next. This will lead to the destruction of approximately \$100 billion in housing wealth, including an estimated \$71 billion in direct losses on foreclosed properties and a decline in the value of neighboring properties by an additional \$32 billion.

Overall housing prices continue to fall, as seen in the almost 10 percent decline of the S&P/Case-Shiller national home price index since the first quarter of 2006.

Last week, the Federal Reserve released data showing that American families hold less equity in their houses than at any time since the Fed began tracking this data in 1945. Under the Bush administration, the primary source of wealth for most Americans—the equity in their houses—dropped by nearly 10 percentage points, from a 57.8 percent equity stake when Bush took office to a current low of 47.9 percent.

Given that housing wealth totaled about \$23 trillion in 2006, the decline in household balance sheets is now between \$1 and \$2 trillion. Declines in house prices are likely to have significant negative effects on consumer spending and a host of other deleterious effects on the economy. But housing is the bull's-eye of this crisis. It has spread outward and outward and outward. Again, the administration, wrapped in ideological handcuffs, does nothing.

We are also borrowing to pay for this war in Iraq. The economic cost for the Iraq war is truly staggering. According to professor Joe Stiglitz, a Nobel Laureate who testified at our Joint Economic Committee last month, the war could cost \$3 trillion—that is with a T—\$3 trillion. According to a report our committee did in November—we have been pursuing this issue of the cost of the war—the war will cost each American household \$37,000.

The Federal Government is increasingly reliant on the rest of the world to buy our public debt, and with falling dollars and skyrocketing debt, who knows how much longer we can count on the largesse of our trading partners.

President Bush turned huge budget surpluses into huge deficits in a few short years, as we see here. In January 2001, the CBO projected surpluses would total \$5.6 trillion in 2002 to 2011. In 2001, CBO's projection was a surplus of \$573 billion in 2007. In reality, the deficit was \$163 billion, a turnaround of \$736 billion, and more than \$100 billion for every year that the President has been in office. This remarkable, dramatic turnaround in the budget picture shows a reckless disregard by this administration for living within our means and